

APR 08 2003

Michael N. Milby, Clerk

IN THE UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In Re Enron Corporation  
Securities, Derivative &  
"ERISA" Litigation

MDL-1446

THIS DOCUMENT RELATES TO:

All Cases

MARK NEWBY, ET AL.,

*Plaintiffs,*

v.

ENRON CORPORATION, ET AL.,

*Defendants.*

CIVIL ACTION NO: H-01-3624  
AND CONSOLIDATED CASES

THE REGENTS OF THE UNIVERSITY  
OF CALIFORNIA, ET AL.,  
Individually and On Behalf of  
All Others Similarly Situated,

*Plaintiffs,*

v.

KENNETH L. LAY, ET AL.,

*Defendants.*

DEFENDANT CINDY K. OLSON'S ANSWER TO  
PLAINTIFFS' CONSOLIDATED COMPLAINT

# 1322

Defendant Cindy K. Olson (“Olson”), by and through her undersigned counsel, files this Answer to Plaintiffs’ Consolidated Complaint.<sup>1</sup>

In this Answer, Ms. Olson responds directly to the few allegations that pertain specifically to her. She has also endeavored to respond to group pleading allegations pertaining to “Enron insiders,” “Enron management,” and the like (even when not applicable to her) as well as to general allegations concerning Enron or one of its businesses. However, even though Ms. Olson was a member of management of Enron or its subsidiaries, by no means did she have knowledge of, or even passing familiarity with, every business transaction or activity of the Company or every financial, accounting, or legal decision made on its behalf. To assist her in formulating answers as to matters beyond her personal knowledge or recollection, Ms. Olson, through her attorneys, has referred back to “formal” or “official” statements of Enron (such as press releases, earnings releases, and SEC filings) issued during the alleged Class Period, so that many of her answers are based on the contents of such statements of Enron. In those instances, it should not be inferred that Ms. Olson necessarily had personal, contemporaneous knowledge relating to the matter being admitted or denied.

Except for the specific allegations expressly admitted or responded to below, all other allegations or characterizations of facts in Plaintiffs’ Consolidated Complaint are denied.

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<sup>1</sup>On March 24, 2003, this Court denied Ms. Olson’s Motion to Dismiss the Consolidated Complaint, thereby, under relevant Rules, requiring Ms. Olson to file his Answer to the Consolidated Complaint by April 8, 2003. On April 4, 2003, Ms. Olson filed a Motion for Reconsideration of the Court’s March 24<sup>th</sup> Order denying his Motion to Dismiss, which the Court has not yet had an opportunity to address. If the Court were to Reconsider its March 24<sup>th</sup> Order and grant Ms. Olson’s Motion to Dismiss to require plaintiffs to amend their Complaint against Ms. Olson, it would not be necessary for Ms. Olson to file an Answer to the presently pending Consolidated Complaint. Accordingly, this Answer is expressly conditioned on the Court’s ruling on the pending Motion for Consideration.

**SPECIFIC RESPONSES BY PARAGRAPH(S)**

1. To the extent an answer is required, Olson denies that this purported class action may properly be brought on behalf of the alleged class.

2. Olson denies that she participated in, or had knowledge of, the scheme(s), false and misleading statements, or other conduct alleged in the first and last sentences. With regard to the second and third sentences, Olson admits that in its public releases, Enron, in general, was positive and optimistic about the business prospects for WEOS, EES, and EBS, and Olson admits that Enron maintained an investment grade credit rating; otherwise, because the second and third sentences contain terms (such as “extolled” and “very strong”) that, in this context, are too vague and/or subjective, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in those sentences. Fourth sentence: Olson admits that Enron’s common stock reached a price as high as \$90-3/4 and that Enron had a market capitalization of over \$70 billion in August 2000, but Olson otherwise denies the allegations contained in that sentence.

3. Olson denies the allegations contained in this paragraph, except (a) Olson does not have knowledge or information sufficient to admit or deny whatever “investors realized” (as asserted in the last sentence), and (b) Olson admits that in the last quarter of 2001 Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders’ equity of approximately \$1.2 billion, it restated its financial statements, and, further, its stock price collapsed, its credit rating was downgraded to below investment grade, and it declared bankruptcy.

4. Olson denies that she participated in or had knowledge of the “fraud” or “scheme” alleged in the first and sixth sentences. With regard to the second sentence, Olson admits that many senior executives have left Enron, but, although she does not regard herself as a “top insider,” she

denies that she was “kicked out.” Third sentence: Olson admits that the SEC and DOJ are conducting investigations relating to Enron. Fourth sentence: Olson admits that Arthur Andersen has been indicted and convicted for obstruction of justice, but Olson denies that Enron has admitted destroying incriminating evidence. Olson admits that individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment. With regard to the last sentence and the chart of Enron’s stock price, Olson admits that the broad pattern or profile of Enron’s historical stock price was as illustrated in the chart, but Olson does not have knowledge or information sufficient to admit or deny the accuracy of the chart with absolute precision.

5. Olson admits that Enron was formed when Houston Natural Gas and InterNorth merged in 1985, but Olson does not have knowledge or information sufficient to admit or deny the other allegations contained in paragraph 5, in part because some of the terms (such as “stodgy,” “burdened,” “excessive,” “performed poorly,” and “little if any sales”) are, in this context, too vague and/or subjective.

6. First sentence: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the first sentence regarding Lay’s decision or state of mind in 1990. Second sentence: Olson admits that, speaking generally, Enron reported growth during the period 1990 to 1996, and Olson refers to publicly available records concerning Enron’s stock price in late 1996.

7. Olson has no information concerning transactions between Lay, Skilling, and Fastow and entities controlled by Enron, so therefore Olson denies the allegations contained in the first sentence. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the rest of the paragraph.

8. First sentence: Olson does not have knowledge or information sufficient to admit or deny the allegations in the first sentence concerning analysts' assessments of Enron, although Olson admits that in 1997 Enron recorded a non-recurring restructuring charge of \$675 million in connection with amended long-term gas contracts with producers in the J-Block (U.K.), and it recorded a \$100 million charge primarily to reflect depressed MTBE margins on committed production. Second sentence: With regard to the allegations concerning Enron's stock price, Olson refers to publicly available records; Olson does not have knowledge or information sufficient to admit or deny the allegations concerning Enron's executives' performance-based bonuses. Third and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations concerning the state of mind of Enron's top executives and Board members. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the fifth sentence.

9 - 10. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

11. Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph, other than that she denies participating in or having knowledge of the creation of "secretly controlled partnerships and entities," "phony profits," or improper concealment of debt.

12. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, in large part due to terms (such as "better-than-expected," "appeared," "enormously profitable high-growth enterprise," "very strong," and "higher-than-forecasted") that, in this context, are too vague and/or subjective, except that Olson refers to publicly

available records regarding Enron's stock price, and Olson admits that Enron's reported annual revenues in 2000 were approximately \$100 billion, with net income of \$979 million (as alleged by plaintiffs in paragraph 295), and Olson denies that all the figures contained in the table at the end of the paragraph are accurate.

13. Olson admits, except Olson does not have knowledge or information sufficient to admit or deny that by 2001 Enron was accounting for 25% of all U.S. energy trades.

14. With regard to the allegations in the first sentence, Olson admits that in the 1998-2000 time frame, Enron discussed "the success of [its] wholesale and retail energy operations, its international prospects and operations, its broadband content delivery and intermediation businesses, its \* \* \* financial condition and earnings, and its prospects for continued \* \* \* earnings growth," but Olson does not have knowledge or information sufficient to admit or deny the allegations concerning Enron's bankers. With regard to the allegations asserted in subparagraphs (a) and (b), Olson admits that Andersen certified Enron's financial reports in 1998 through 2000, but without references to the specific statements that plaintiffs presumably paraphrase, it is impracticable for Olson to undertake the investigation necessary to admit or deny whether Enron made those statements as alleged, and Olson does not have knowledge or information sufficient to admit or deny whether Enron's lawyers and banks made or participated in those statements.

15. Olson denies that the first sentence lists all factors determinative of the prices at which Enron's common stock, debt, and preferred securities traded. Olson admits the allegations contained in the second sentence. With regard to the third sentence, Olson refers to publicly available records regarding Enron's historical stock prices, and Olson does not have knowledge or information sufficient to admit or deny the information depicted in the chart.

16. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except that Olson denies that she, “working together” with other defendants, raised billions of dollars for Enron.

17. Olson denies that she participated in or had knowledge of any scheme such as is alleged in this paragraph; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

18. Olson denies the allegations contained in this paragraph, except that Olson does not have sufficient knowledge or information concerning the terms of all transactions by Enron to admit or deny the allegations in the next-to-last sentence.

19. Olson denies having the knowledge she is alleged to have had in the sixth sentence, and she admits the allegations contained in the seventh sentence. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

20. Olson denies the allegations contained in this paragraph, except that Olson does not have sufficient knowledge or information concerning the terms of various transactions to admit or deny the allegations in the second and third sentences concerning “trigger” prices.

21. With regard to the allegations made in the first and second sentences, Olson denies that she participated in or had knowledge of any efforts to falsify Enron’s financial results. The third and fourth sentences assert matters of accounting and/or legal opinion to which no response is required.

22. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except that Olson admits that Enron did not consolidate Chewco/JEDI into its financial statements until it restated earnings in November 2001.

23. Olson denies that she participated in creating the LJM partnerships or structuring, reviewing, or approving any transactions involving those partnerships, and she denies engaging in any transactions involving those partnerships. Olson admits that transactions were conducted between Enron and LJM partnerships managed by Mr. Fastow, and that those transactions, to her understanding, were reviewed and approved by outside accountants and legal counsel. Otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

24. Olson denies using LJM2 as alleged in the first sentence, and she denies having the knowledge alleged in the second sentence. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the third sentence of this paragraph.

25. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

26. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

27. Olson denies participating in or having knowledge of the scheme alleged in the first sentence. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

28 - 30. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

31. Olson denies participating in or having knowledge of either the alleged "Enron scheme to defraud" or the "Enron Ponzi scheme," and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.



32. Olson denies that she was “accommodate[d],” as alleged in the last sentence; she admits that Enron entered into several transactions (which, to her understanding, were reviewed and approved by outside accountants and legal counsel) with the LJM partnerships; but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

33. Olson denies that she used “these contrivances and manipulative devices to inflate Enron’s reported financial results,” as alleged in the ninth sentence; she admits that one of the transactions between LJM and Enron involved Rhythms and others involved the “Raptor” vehicles; but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

34. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

35. Olson denies that she participated in or had knowledge of the actions or the scheme alleged in the third sentence; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

36. Olson admits that Enron employed mark-to-market accounting for certain assets, but she denies participating in or knowing of misuse or abuse of mark-to-market accounting or of other “accounting tricks and manipulations to falsify its financial results.” Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

37. Olson denies that she participated in or knew of “falsification of Enron’s financial statements,” or “accounting tricks and manipulations,” as alleged in the first and second sentences. Olson admits that Enron discussed with investors the prospects for growth of Enron’s retail energy

services business, which managed the energy needs of corporate consumers for multi-year periods. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, in part because many of the terms are too vague and/or subjective.

38. Olson denies that she participated in or had knowledge of the conduct alleged in the second, fourth, and fifth sentences. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the paragraph.

39. Olson admits that Enron had a broadband services business, which very generally is adequately described in this paragraph, and Olson admits that for a period of time that broadband services business was presented by Enron as a growth area, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph because some of the terms are too vague and/or subjective.

40. Olson admits that the Enron-Blockbuster joint venture was announced in July 2000 (as alleged in the first sentence). With regard to the second sentence, in the absence of any information as to the source(s) of the statements attributed to Enron it is impossible for Olson to admit or deny whether Enron made those statements as alleged, although Olson denies that Enron's press release of July 19, 2000 contained all of the alleged statements. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

41. Olson admits that the Blockbuster joint venture was terminated in March 2001. Olson denies participating in or having knowledge of the financial reporting on the Blockbuster transaction, any "abuse and misuse" of mark-to-market accounting, or the scheme alleged in the second sentence.

Olson does not have knowledge or information sufficient to admit or deny the remaining allegations contained in this paragraph.

42. Olson admits that Enron owned shares in The New Power Company (“TNPC”) when it was a private company, that the IPO for TNPC occurred in October 2000, and that after the IPO Enron continued to hold millions of shares of TNPC and warrants for millions of additional shares. Olson also admits (with reference to the last sentence) that in October 2001 Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders’ equity of approximately \$1.2 billion. With regard to the thirteenth sentence and the chart, dealing with the stock price of TNPC between October 2000 and February 2002, Olson refers to publicly available records. Olson denies that she participated in, or had knowledge of, any efforts “to perpetuate the Ponzi scheme” or “create a huge phony profit,” as alleged in the fourth and seventh sentences. Olson does not have knowledge or information sufficient to admit or deny the remaining allegations contained in this paragraph.

43. Olson denies that she participated in, or had knowledge of any details concerning, the “Qwest/dark fiber swap” that is the subject of the allegations made in this paragraph, and otherwise Olson does not have knowledge or information sufficient to admit or deny those allegations.

44. Olson denies that she participated in or had knowledge of the scheme, the manipulative device, “false legal opinion,” or efforts to falsify Enron’s financial condition that are alleged in this paragraph, and otherwise Olson does not have knowledge or information sufficient to admit or deny those allegations.

45. Olson denies that she participated in or had knowledge of the efforts to present a misleading picture of Enron’s liquidity, financial condition, and balance sheet that are alleged in this

paragraph, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

46. Olson denies that she participated in or had knowledge of the “financial chicanery,” “phony commodity and swap transactions,” or “manipulative subterfuge” that are alleged in the paragraph, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

47. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

48. Olson admits that Enron had and needed access to capital markets; that investment grade credit rating and stock price were important to Enron and its shareholders; and that Enron raised funds through securities offerings between 1996 and 2001 (for the details of which Olson refers to the relevant documents filed with the SEC). Olson denies that she participated in or had knowledge of the “phony transactions,” “secret understandings and illicit financing arrangements,” or “illicit financial transactions” that are alleged in the paragraph. The dates, terms, size, and underwriters for Enron’s debt or stock offerings are matters of public record with the SEC, and Olson denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the paragraph.

49. Olson admits that Azurix, Enron Oil & Gas, Osprey, The New Power Company, and Marlin raised funds through securities offerings. The dates, terms, size, and underwriters of those offerings are matters of public record, and Olson denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records.

50. Olson denies that the allegations contained in this paragraph are accurate from her perspective, except that Olson admits that television monitors at Enron's headquarters in Houston displayed stock prices.

51. Olson denies that the allegations in the first sentence are accurate from her perspective. Olson does not have knowledge or information sufficient to admit or deny the other allegations made in the paragraph or the accuracy of the purported quotes.

52. Olson admits that Enron's stock price declined in late 2000 and early 2001. Second sentence: without further details about the alleged assurances (such as speaker, time, and actual statements), Olson does not have knowledge or information sufficient to admit or deny the alleged assurances. Third sentence: Olson denies that she participated in or had knowledge of efforts or pressure to do "anything" to halt the decline in the price of Enron's stock, and (although she does not regard herself as being one of Enron's "top executives") she further denies that she had the knowledge that Enron's top executives are alleged to have had. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

53. Olson denies participating in or having knowledge of "the scheme" or "the Enron Ponzi scheme" alleged in this paragraph. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

54. Olson admits that Andersen certified Enron's financial reports in early 2001, but without references to the specific statements that plaintiffs presumably paraphrase, it is impracticable for Olson to undertake the investigation necessary to admit or deny whether Enron made those statements as alleged, and Olson does not have knowledge or information sufficient to admit or deny whether Enron's lawyers and bankers made or participated in those statements.

55. Olson does not have knowledge or information sufficient to admit or deny what Enron's "top insiders" realized, and she denies that she had the knowledge alleged in this paragraph.

56. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

57. First sentence: Olson does not have knowledge or information sufficient to admit or deny. Second sentence: Olson denies that she participated in or had knowledge of the "concocting" of "a story" concerning Skilling's resignation. Third sentence: Olson admits. Fourth through sixth sentences: Olson denies that she participated in or had knowledge of any "lies" to investors as alleged. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

58. First sentence: Olson does not have knowledge or information sufficient to admit or deny. Second and third sentences: Olson does not have knowledge or information sufficient to admit or deny what Enron's top insiders and/or top executives realized, and she denies that she had the knowledge alleged. Fourth sentence: Olson denies participating in or having knowledge of destruction of evidence of "prior illegal conduct" by Enron; Olson does not have knowledge or information sufficient to admit or deny destruction of evidence by Andersen.

59 - 60. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

61. Olson admits that (a) on October 16, 2001, Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders' equity of approximately \$1.2 billion; (b) within the next several weeks *The Wall Street Journal* published a series of articles about Enron, the SEC announced an investigation of Enron, and Fastow left; and (c) in November 2001, Enron filed a Form

8-K that restated its financial results for 1997 through 2000, to which Olson refers concerning precise figures and other details. Olson does not have knowledge or information sufficient to admit or deny other allegations made in this paragraph.

62. Olson denies that she participated in the “use” of Chewco, LJM1 and LJM2 to enter into transactions as alleged in this paragraph. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

63. Olson denies that she participated in or had knowledge of “prior falsification of Enron’s financial statements,” failure to eliminate “phony profits,” or efforts to cover-up fraud, as alleged in this paragraph.

64. Olson admits that there were discussions between Enron and Dynegy regarding a possible merger. Olson denies that she had the state of mind alleged in the first sentence, that she participated in or had knowledge of the “scheme” alleged in this paragraph, or that she worked “hand-in-hand” with JP Morgan and CitiGroup with the state of mind alleged in the second sentence.

65. Olson denies that she participated in or had knowledge of the “Enron scheme” or the “Enron Ponzi scheme” alleged in this paragraph; otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

66. Olson admits that (a) Dynegy refused to acquire Enron; (b) Enron’s publicly-traded debt was downgraded to below investment grade; (c) Enron declared bankruptcy on December 2, 2001; and (d) the market price for Enron’s stock and publicly traded debt securities declined significantly. Olson denies that she participated in or had knowledge of efforts to conceal Enron’s true financial condition from Dynegy or “wide-ranging falsification of [Enron’s] financial

statements.” Olson does not have knowledge or information sufficient to admit or deny other allegations contained in this paragraph.

67. With regard to the first through fifth sentences, Olson admits that it is her understanding that Enron’s “related party” disclosures were reviewed and approved by Enron’s outside auditor and by outside legal counsel, but the allegations concerning the adequacy of those disclosures is a matter of legal opinion to which no response is required, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in those sentences. With regard to the sixth through ninth sentences, Olson does not have knowledge or information sufficient to admit or deny the allegations concerning the rewards received by anyone involved in the LJM partnerships.

68. Olson admits that Congress has investigated the failure of Enron and that some individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

69. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

70. Olson denies that she participated in or had knowledge of the fraudulent scheme, manipulative devices and contrivances, or misrepresentations alleged in this paragraph.

70(a). This sub-paragraph is directed to Arthur Andersen. Accordingly, it does not require a response from Olson. In general, Olson knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but



otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this sub-paragraph.

70(b). This sub-paragraph is largely directed to the law firms Vinson & Elkins and Kirkland & Ellis, and to that extent does not require a response from Olson. In general, Olson knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, including SEC filings, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations directed to the law firms. With regard to the allegations in the fifth sentence concerning a Vinson & Elkins “report,” Olson denies that any such report was written to her.

70(c). This sub-paragraph is directed to “Enron’s banks.” Accordingly, it does not require a response from Olson. In general, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this sub-paragraph.

71 - 72. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

73. Olson denies that she participated in or had knowledge of the “frenzy of fraud” alleged in this paragraph and that she pocketed any “illegal insider trading proceeds” or bonuses based on phony financial results or artificially inflated stock prices. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

74. Olson denies that she participated in or had knowledge of the alleged fraud. To the extent a response is required to the chart, Olson incorporates by reference her responses to the various allegations in the Complaint that are referenced in the chart.

75-76. Paragraphs 75 and 76 assert matters of legal opinion to which no response is required.

77. The first sentence asserts matters of legal opinion to which no response is required. Olson admits the second sentence.

78. Paragraph 78 asserts matters of legal opinion to which no response is required. With regard to her own conduct, Olson admits that she used the means and instrumentalities of interstate commerce in connection with some of her work as an employee of Enron, but she denies that she did so in violation of any legal standard of conduct.

79 - 80. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

81(a) - 81(n). Olson does not have knowledge or information sufficient to admit or deny the allegations contained in paragraphs 81(a) - 81(n).

82. This paragraph does not require a response.

83(a). Olson admits the first two sentences. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(a).

83(b). Olson admits the first two sentences. Olson does not have knowledge or information sufficient to admit or deny the truth of the remainder of paragraph 83(b).

83(c). First sentence: Olson admits that Andrew S. Fastow was Chief Financial Officer of Enron until October 2001. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(c).

83(d). Olson admits the first sentence. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(d).

83(e). First sentence: Olson admits that James V. Derrick, Jr. was General Counsel of Enron. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(e).

83(f). First sentence: Olson admits that Mark A. Frevert held a senior management position with Enron or one of its subsidiaries between 1997 and 2001. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(f).

83(g). First sentence: Olson admits that Stanley C. Horton held a senior management position with Enron Transportation Services. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(g).

83(h). First and second sentences: Olson admits that Kenneth D. Rice held senior management positions with Enron Capital & Trade – North America and with Enron Broadband Services at different times between 1997 and 2001. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(h).

83(i). First sentence: Olson admits that Richard B. Buy was Chief Risk Officer of Enron in 2000 and 2001 and before that held a senior management position with Enron or Enron Capital & Trade. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(i).

83(j). First sentence: Olson admits that Lou L. Pai was associated with Enron Accelerator and with EES. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(j).

83(k). First sentence: Olson admits that Joseph M. Hirko held a senior management position with EBS. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(k).

83(l). First sentence: Olson admits that Ken L. Harrison held a senior management position with Portland General Electric and was a director of Enron. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(l).

83(m). First sentence: Olson admits that Steven J. Kean held a senior management position with Enron, and that during some or all of 2000 and 2001, that position was Chief of Staff. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(m).

83(n). First sentence: Olson admits that Rebecca P. Mark-Jusbasche held senior management positions with Enron, Enron International, and Azurix. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(n).

83(o). First sentence: Olson admits that Michael S. McConnell held a management position with Enron or one of its subsidiaries. Olson does not have knowledge or information sufficient to admit or deny the remainder of 83(o).

83(p). First sentence: Olson admits that Jeffrey McMahon held senior management positions with Enron or its subsidiaries. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(p).

83(q). Olson admits that in 1999, 2000, and 2001 she was Executive Vice-President, Human Resources & Community Relations of Enron, but she denies she held that title at earlier times. Second sentence: Olson admits that during the alleged Class Period she sold at least 83,183 shares

of Enron stock for at least \$6,505,870 in gross proceeds, but she denies that she did so in possession of adverse undisclosed information about the Company or that her sales generated “illegal insider trading proceeds.” Third sentence: Olson admits that she received total bonus payments of over \$1,000,000 for the years 1997 through 2000. Fourth sentence and chart: Olson denies the information and representations concerning the number of Enron shares she sold before the Class Period.

83(r). First sentence: Olson admits that Joseph W. Sutton held senior management positions with Enron or its subsidiaries, including Vice-Chairman of Enron. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(r).

83(s). Olson admits that Mark E. Koenig was head of Investor Relations for Enron from 1998 through the end of 2001. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(s).

83(t). First and second sentences: Olson admits that Kevin P. Hannon held senior management positions with Enron Broadband Services and Enron Capital & Trade. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(t).

83(u). First and second sentences: Olson admits that Lawrence Greg Whalley was named President and Chief Operating Officer of Enron in August 2001, and that before that he held senior management positions with Enron or its subsidiaries. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(u).

83(v) - 83(ee). Some of the sentences contained in these paragraphs do not require a response. Olson admits that the following were for some period of time directors of Enron: Robert A. Belfer, Norman P. Blake, Jr., Ronnie C. Chan, John H. Duncan, Wendy L. Gramm, Robert K.

Jaedicke, Charles A. LeMaistre, Joe H. Foy, John Mendelsohn, Jerome J. Meyer, Paulo V. Ferraz Pereira, John A. Urquhart, John Wakeham, Charles E. Walker, Herbert S. Winokur, Jr., and Frank Savage. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraphs 83(v) - 83(ee).

83(ff). The first sentence does not require a response, although Olson notes that many of the Complaint's sweeping allegations concerning the "Enron Defendants" do not apply to her. With regard to the second sentence, Olson admits that during her tenure with Enron she had access to non-public information relating to the Company, but she denies that she had such access simply by virtue of her position with the Company and she denies that she had access to any and all *adverse* non-public information.

83(gg). Olson admits that Lay, Mark-Jusbache, and Skilling served as officers and/or directors of Azurix, a company which Enron owned in whole or in part. To the extent that any further response is required of Olson, she does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(gg).

83(hh). Olson admits that Lay, Pai, Derrick, and Causey served as officers and/or directors of The New Power Company, a company in which Enron owned an interest. To the extent that any further response is required of Olson, she does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(hh).

83(ii). Olson denies that she in any way "utilized" the Marlin Water and Atlantic Water Trusts, along with Osprey and Egret, to facilitate any fraudulent scheme or course of business. To the extent any further response is required of Olson, she does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(ii).

83(jj). With respect to the first three sentences, Olson admits that J. Clifford Baxter held senior management positions with Enron or its subsidiaries during the years 1999, 2000, and 2001, and that Mr. Baxter died in January 2002. Olson does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(jj).

84. The first sentence asserts matters of legal opinion to which no response is required. With regard to the remainder of the paragraph, Olson admits that during the Class Period she sold at least the number of Enron shares alleged for at least the amount of gross proceeds alleged, but she denies that she engaged in illegal insider trading; Olson does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

85. Olson admits that the Enron Board of Directors had an Audit Committee, a Finance Committee, and an Executive Committee; and that the Audit and Finance Committees met periodically. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations in paragraph 85.

86. Olson admits that each of the individuals was, for some period of time (although not necessarily the periods indicated), a director of Enron, and that some of them served on one or more of the indicated Committees (although not necessarily during the periods indicated). Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in paragraph 86.

87. Olson admits.

88. Olson admits that from 1997 through 2001 there were periodic meetings of a “Management Committee” or “Executive Committee”; that she served on what was called the Management Committee or Executive Committee for at least portions of the years 1998, 1999, and

2000; and that some of the individuals listed in paragraph 88 also served on those Committees. Olson denies that the Management Committees or Executive Committees on which she served conducted the “day-to-day business of Enron” or that they were “aware of and approved all significant business transactions of Enron, including each of the partnership/SPE deals.” Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in paragraph 88.

89. Paragraph 89 asserts matters of legal opinion to which no response is required. With regard to her own conduct, Olson denies that she participated in all of the “business, operations, financial statements, and financial condition” of Enron that are alleged in the Consolidated Complaint; and she denies that she was responsible for the accuracy of all public reports and releases described in the Consolidated Complaint.

90. Olson denies the allegations made in the first two sentences to the extent that they are directed towards her. The third sentence does not require a response.

91 - 97. These paragraphs are directed to Arthur Andersen. Accordingly, they do not require a response from Olson. In general, Olson knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

98 - 99. These paragraphs are directed to the law firms Vinson & Elkins and Kirkland & Ellis. Accordingly, they do not require a response from Olson. In general, Olson knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, but



otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

100 - 108. These paragraphs are directed to the integrated financial services institutions J.P. Morgan Chase & Co., CitiGroup, Inc., Credit Suisse First Boston, Canadian Imperial Bank of Commerce, Bank of America Corp., Merrill Lynch & Co., Barclays PLC, Deutsche Bank AG, and Lehman Brothers Holding, Inc. Accordingly, they do not require a response from Olson. In general, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in paragraphs 100 through 108.

109. Olson admits, based on document filed with the SEC.

110. First, second, third, fifth, sixth, and seventh sentences: The filing dates, contents, and signatories of Enron's Offering Documents are a matter of public record at the SEC, and Olson denies these allegations only to the extent they are inconsistent with the public records. Fourth sentence: Based on what was known to her at the time, Olson denies. Eighth sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations.

111. Olson admits the allegations contained in the first sentence, based on documents filed with the SEC. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

112. Olson admits that the paragraph quotes excerpts from Enron's July 14, 1998 earnings release, or (in the last sentence) paraphrases statements from that release, and Olson refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny the allegation that the 2<sup>nd</sup>Q 1998 results were "better-than-expected."

113. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

114. Olson admits that the paragraph quotes excerpts from an Enron press release dated July 24, 1998, and Olson refers the Court to the entire release for its complete meaning and import.

115. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

116. The date, terms, size, and underwriters for Enron's debt offering as listed in the Prospectus are matters of public record with the SEC, and Olson denies the allegations in the first sentence only to the extent they are inconsistent with the public records. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

117. Olson admits that the paragraph quotes excerpts from an Enron press release dated September 25, 1998, and Olson refers the Court to the entire release for its complete meaning and import.

118. Olson admits that the paragraph quotes excerpts from Enron's October 13, 1998 earnings release, and Olson refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny the allegation that the 3rdQ 1998 results were "better-than-expected."

119. Olson admits the allegations contained in the first sentence. Olson denies that Skilling, Koenig, Causey, and Fastow collectively made the statements alleged in the second sentence.

120. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

121. Olson denies the allegations made in the first sentence. Olson cannot determine from the pleading precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 109 - 120 were false and misleading, Olson cannot respond further to the second sentence.

121(a). Olson denies, based on what was known to her at the time, and Olson also incorporates by reference her answers to paragraphs 418 - 611.

121(b) - 121(c). Olson denies, based on what was known to her at the time.

121(d). Olson does not have knowledge or information sufficient to admit or deny these allegations, although she denies that at the time she knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

121(e). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any manipulation or falsification that boosted the reported profitability of WEOS.

121(f). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any improper deferral of capital expenditures by Enron International.

121(g). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any misuse or improper manipulation of assumptions by Enron.

121(h). Olson denies that the allegations in this paragraph are accurate from her perspective, except that Olson admits that Enron later wrote down the value of its water-related assets.

121(i) - 121(k). Olson denies, based on what was known to her at the time.

122. Olson admits that the paragraph quotes excerpts from an Enron press release dated October 21, 1998, and Olson refers the Court to the entire release for its complete meaning and import.

123. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

124. First sentence: The date, terms, size, and underwriter(s) for Enon's debt offering are matters of public record with the SEC, and Olson denies the allegations only to the extent they are inconsistent with public records. Second sentence: Olson does not have knowledge or information sufficient to admit or deny.

125. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

126. First, second, and fourth sentences: Olson admits, based on documents filed with the SEC, except that Olson does not have knowledge or information sufficient to admit or deny the allegations concerning the authors of the Registration Statement, and she denies that she participated in writing it. Third sentence; Olson denies, based on what was known to her at the time.

127. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

128. Olson admits that the paragraph quotes excerpts from Enron's January 19, 1999 earnings release, and Olson refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 4<sup>th</sup>Q 1998 and 1998 results were "better-than-expected."

129 - 133. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

134. First sentence: Olson admits, based on documents filed with the SEC. Second sentence: Olson denies, based on what was known to her at the time.

135. First sentence: The date, participating investment banks, size, price, and proceeds of the stock offering are matters of public record at the SEC, and Olson denies the allegations only to the extent they are inconsistent with the public records. Second sentence: Olson does not have knowledge or information sufficient to admit or deny.

136. Olson admits that in March 1999 Enron issued its 1998 Annual Report, but she does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Olson admits that the paragraph quotes extremely selective excerpts from the 1998 Annual Report, and she refers the Court to the entire Annual Report for its complete meaning and import.

137 - 139. Olson admits that these paragraphs quote very selective excerpts from the 1998 Annual Report, and she refers the Court to the entire Annual Report for its complete meaning and import.

140. Olson admits, with the qualification that the alleged earnings-per-share figure appears to have been adjusted to take into account a subsequent stock split.

141. First sentence: Olson admits, based on documents filed with the SEC. Second sentence: Olson admits that Vinson & Elkins provided legal services in connection with the Form 10-K report, but she does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and collaborated in writing the Form 10-K report. Third sentence: Olson admits.

142 - 143. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs 142-143.

144. Olson admits that the paragraph quotes excerpts from Enron's April 13, 1999 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 1stQ 1999 results were "better-than-expected."

145. Olson admits the allegations made in the first sentence. Olson denies that Lay, Skilling, Koenig, and Causey collectively made the statements alleged in the second sentence.

146 - 150. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

151. The date, terms, size, and underwriters for Enron's debt offering as listed on the Prospectus are matters of public record with the SEC, and Olson denies the allegations in the first sentence only to the extent they are inconsistent with the public records. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

152 - 154. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

155. Olson cannot determine precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 122 - 154 were false and misleading, Olson cannot respond further to this paragraph.

155(a). Olson denies, based on what was known to her at the time, and Olson also incorporates by reference her answers to paragraphs 418 - 611.

155(b) - 156(c). Olson denies, based on what was known to her at the time.

155(d). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

155(e). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any manipulation or falsification that boosted the reported profitability of WEOS.

155(f). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

155(g). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any misuse or improper manipulation of assumptions by Enron.

155(h). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew that the the Dabhol power plant was a

“financial disaster” or that the valuation of Dabhol on Enron’s balance sheet was grossly inflated, as alleged.

155(i). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew that other Enron international operations (including a Dominican Republic power plant project, Batangas, or Enron’s Central American projects) were “financial disasters,” as alleged.

155(j). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about falsification of Enron’s financial condition, as alleged.

155(k). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she had knowledge of any improper deferral of capital expenditures by Enron International.

155(l). First sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations because some of the terms are, in this context, too vague and/or subjective, and because plaintiffs provide no details about any specific representations concerning Enron’s management team or its hedging and management of financial risk. Second, third, and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew what is alleged, including that she knew that Enron did not deserve its investment-grade credit rating, as is alleged.

155(m). Olson denies, based on what was known to her at the time.

155(n). Olson denies that the allegations in this paragraph are accurate from her perspective, except that Olson admits that Enron later wrote down the value of its water-related assets.



155(o) - 155(p). Olson denies, based on what was known to her at the time.

156. Olson admits that the paragraph quotes excerpts from Enron's July 13, 1999 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 2ndQ 1999 results were "better-than-expected."

157. First sentence: Olson admits. Second sentence: Olson does not have knowledge or information sufficient to admit or deny. Third sentence: Olson denies.

158 - 163. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

164. First and third sentences: Olson admits, based on documents filed with the SEC. Second sentence: Olson denies, based on what was known to her at the time.

165. First and second sentences: The date, terms, size, and underwriters for Enron's debt offering as listed in the Prospectus are matters of public record with the SEC, and Olson denies these allegations only to the extent they are inconsistent with the public records. Third sentence: Olson denies, based on what was known to her at the time.

166 - 176. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

177. Olson admits that the paragraph quotes excerpts from Enron's October 12, 1999 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 3rdQ 1999 results were "better-than-expected."

178. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

179. First sentence: Olson admits. Second sentence: Olson does not have knowledge or information sufficient to admit or deny. Third sentence: Olson denies.

180 - 187. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

188. Olson admits that Enron's stock price increased (in general) in 1999 and that it traded as high as \$43 per share in November 1999, but for the details of Enron's historic stock prices she refers to publicly available records. Olson denies that the reasons for the increase in Enron's stock price were as alleged in this paragraph and that the increase constituted "artificial inflation." Olson does not have knowledge or information sufficient to admit or deny the allegations in the last sentence concerning insider stock trades, except she denies that she pocketed any illegal insider trading proceeds.

189. First and third sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations, except that she denies that Enron's bankers issued a series of extremely positive reports on Enron at her behest. Second sentence: Olson admits that Enron's stock traded as low as \$34-7/8 on 11/23/99, but she denies the allegations as to the cause or factors determinative of that price.

190 - 191. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

192. Olson admits that the paragraph quotes excerpts from Enron's December 2, 1999 press release, and he refers the Court to the entire release for its complete meaning and import.

193 - 195. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

196. Olson admits that the paragraph quotes excerpts from Enron's January 18, 2000 earnings release, and Olson refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 4<sup>th</sup>Q 1999 and full year 1999 results were "better-than-expected."

197. First sentence: Olson admits. Second sentence: Olson admits that Enron hosted an analyst conference in Houston on January 20, 2000, and she admits that Skilling, Koenig, and Causey were present, but she does not have knowledge or information sufficient to admit or deny the allegations with regard to Fastow. Third sentence: Olson denies.

198 - 213. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

214. Olson cannot determine precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 156 - 213 were false and misleading, Olson cannot respond further to this paragraph.

214(a). Olson denies, based on what was known to her at the time, and Olson also incorporates by reference her answers to paragraphs 418 - 611.

214(b) - 214(c). Olson denies, based on what was known to her at the time.

214(d). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

214(e). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any manipulation or falsification that boosted the reported profitability of WEOS.

214(f). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

214(g). Olson does not have knowledge or information sufficient to admit or deny these allegations, except (a) she admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and (b) she denies that at the time she knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

214(h). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome, or that the prospects for success of EBS were “grossly overstated.”

214(i). Olson admits that a portion of Enron’s presentation to analysts in January 2000 related to EBS. Olson denies that she knew at the time that EBS “was doomed to failure due to numerous intractable problems” or that the January 2000 presentation about EBS “was a study in how to lie with Power Point slides.” Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

214(j). Olson admits that Enron or EBS entered into “dark-fiber swaps,” but Olson denies that she knew that those transactions were “artificial contrivances,” conducted to improperly inflate the revenues of EBS, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

214(k). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron’s accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

214(l). Olson denies that “the prospects for future revenue and profits from Enron’s EBS operation and the purported value of that operation to Enron and to its stock price were completely false,” and Olson further denies that she knew what Enron is alleged to have known.

214(m). Olson denies that she knew at the time that the Dabhol power plant was a “financial disaster” or that it would result in a huge loss for Enron.

214(n). First sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron’s hedging and management of financial risk. Second, third, and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew what is alleged, including that she knew that Enron did not deserve its investment-grade credit rating.

214(o). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about falsification of Enron’s financial condition, as alleged.

214(p) - 214(r). Olson denies, based on what was known to her at the time.

215. Olson admits that in March 2000 Enron issued its 1999 Annual Report, but she does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Olson admits that the paragraph quotes very selective excerpts from the letter to shareholders in the 1999 Annual Report, and she refers the Court to the entire Annual Report for its complete meaning and import.

216-218. Olson admits that these paragraphs quote very selective excerpts from the 1999 Annual Report, and she refers the Court to the entire Annual Report for its complete meaning and import.

219. Olson admits that Enron's 1999 Annual Report contained Enron's 1999 financial statements, as certified by Arthur Andersen. Olson also admits that the financial data presented in the charts is contained in the 1999 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

220. Olson admits that the paragraph quotes an excerpt from note 16 to Enron's 1999 financial statement.

221. First sentence: Olson admits, based on documents filed with the SEC. Second sentence: Olson admits that Vinson & Elkins rendered legal services in connection with the Form 10-K report, but she does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and helped write the entire Form 10-K report. Third sentence: Olson admits that the Form 10-K report contained Enron's 1998 and 1999 annual financial statements as certified by Arthur Andersen and an unqualified report thereon.

222. First sentence: Olson admits that Enron hosted an analyst conference in Houston on January 20, 2000, and that the price of Enron stock reached \$73 per share in late January 2000 and

\$78 per share in March 2000, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations in this sentence. Second and third sentences: Olson denies that the reasons for the increase in Enron's stock price were as alleged and that the increase constituted "artificial inflation"; Olson does not have knowledge or information sufficient to admit or deny the allegations concerning stock sales by "Enron insiders," except that Olson denies that she pocketed any illegal insider trading proceeds.

223. Olson admits that the paragraph quotes excerpts from Enron's April 12, 2000 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 1stQ 2000 results were "better-than-expected."

224. First sentence: Olson admits. Second sentence: Olson does not have knowledge or information sufficient to admit or deny. Third sentence: Olson denies.

225 - 234. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

235. Olson admits that Enron's stock traded at \$78-7/8 on 5/17/00, and for further details concerning Enron's stock price in April and May 2000, Olson refers to publicly available records. Olson denies that the reasons for any increases in the price of Enron's stock were as alleged in this paragraph and that any increase constituted "artificial inflation." Olson does not have knowledge or information sufficient to admit or deny the allegations in the last sentence concerning insider stock trades, except she denies that she pocketed any illegal insider trading proceeds.

236. The date, terms, size, and underwriters for Enron's debt offerings as listed on the Prospectus are matters of public record with the SEC, and Olson denies the allegations in the first,

second, and third sentences only to the extent they are inconsistent with the public record. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in the last sentence.

237. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

238. The date, terms, size, and underwriter(s) for Enron's debt offering are matters of public record with the SEC, and Olson denies the allegations in this paragraph only to the extent they are inconsistent with the public record.

239. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

240. Olson admits that the paragraph quotes excerpts from Enron's July 19, 2000 press release, and she refers the Court to the entire release for its complete meaning and import.

241 - 245. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

246. Olson admits that the paragraph quotes excerpts from Enron's July 24, 2000 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 2ndQ 2000 results were "better-than-expected."

247. First sentence: Olson admits that on July 24, 2000 Enron held an earnings release conference call, but she does not have knowledge or information sufficient to admit or deny that Skilling, Koenig, or Fastow participated. Second sentence: does not have knowledge or information sufficient to admit or deny. Third sentence: Olson denies.



248 - 260. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

261. First sentence: Olson admits that the all-time high price for Enron's stock of \$90-3/4 per share was registered on August 23, 2000, and that this was five weeks after Enron had announced its VOD venture with Blockbuster and one month after Enron had reported its second quarter 2000 earnings; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations in the first sentence. Second sentence: Olson does not have knowledge or information sufficient to admit or deny, except she denies that she pocketed any illegal insider trading proceeds.

262. Olson admits that the paragraph quotes excerpts from Enron's October 17, 2000 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 3<sup>rd</sup>Q 2000 results were "better-than-expected."

263. First sentence: Olson admits. Second sentence: Olson denies.

264 - 270. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

271. For precise prices of Enron's stock at any time in November 2000, Olson refers to publicly available records. Olson denies that Enron's stock price was "the result of defendants' false and misleading statements." Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except she denies that she had knowledge of or participated in feverish, behind-the-scene efforts with Andersen, Vinson & Elkins, Kirkland & Ellis and certain of Enron's banks to improperly avoid the recognition of hundreds of millions of dollars of losses.

272. Olson admits that the paragraph quotes a portion of an Enron press release dated November 24, 2000, and she refers the Court to the entire release for its meaning and import.

273 - 274. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

275. First sentence: Olson admits that on December 13, 2000 Enron issued a press release announcing that Skilling would succeed Lay as CEO of Enron. Second sentence: Olson denies that that press release contained the quote attributed to Lay.

276. Olson admits that the paragraph quotes excerpts from an Enron press release dated December 18, 2000, and she refers the Court to the entire release for its complete meaning and import.

277. Second sentence: Olson denies that she knew about “prior falsification of Enron’s financial results” or the “disastrous results for all concerned” alleged in this sentence. Seventh sentence: Olson admits that the stock price of The New Power Company declined from its IPO price, and she refers to publicly available records for the precise historical prices of TNPC stock. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

278. Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph, except she denies that she participated in or had knowledge of (a) any improper restructuring of the capitalization of several SPEs at year-end 2000, or (b) the “Enron Ponzi scheme.”

279. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

280. Olson admits that Enron's stock traded as high as \$84-1/16 on January 2, 2001, and as low as \$66-1/16 on January 17, 2001, but Olson denies that Enron's stock price throughout this period was caused or determined by the factors alleged by plaintiffs, and she denies that she participated in or knew about any efforts to misrepresent Enron's 2000 results in order to boost its stock price. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

281. Olson admits that the paragraph quotes excerpts from Enron's January 22, 2001 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 4thQ 2000 and full year 2000 results were "better-than-expected."

282. First sentence: Olson admits. Second sentence: Olson admits that Enron hosted an analyst conference in Houston on January 25, 2001, and she admits that Skilling and Koenig were present, but she does not have knowledge or information sufficient to admit or deny the allegations with regard to Causey, Kean, and Fastow. Third sentence: Olson denies.

283 - 287. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

288. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except as follows: (a) Olson admits that Enron's stock traded as low as \$66-1/16 on January 17, 2001, and as high as \$83-3/32 on February 5, 2001; (b) she denies that Enron's stock price throughout this period was caused or determined by the factors alleged by plaintiffs; (c) she admits that in February 2001 Enron sold about \$1.9 billion Zero Coupon Convertible Notes in a private placement to a group of financial institutions.

289 - 290. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

291. Olson admits that the paragraph quotes one sentence from an Enron press release dated February 26, 2001, and Olson refers the Court to the entire release for its complete meaning and import.

292. First sentence: Olson admits, based on documents filed with the SEC. Second sentence: Olson admits that Vinson & Elkins rendered legal services in connection with the Form 10-K report, but she does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and participated in writing the entire report. Third sentence: Olson admits that the Form 10-K report contained Enron's 1999 and 2000 annual financial statements as certified by Arthur Andersen and an unqualified report thereon.

293. Olson admits that in March 2001 Enron issued its 2000 Annual Report, but she does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Olson admits that the paragraph quotes very selective excerpts from the letter to shareholders in the 2000 Annual Report, and she refers the Court to the entire Annual Report for its complete meaning and import.

294. Olson admits that the paragraph quotes very selective excerpts from the 2000 Annual Report, and she refers the Court to the entire Annual Report for its complete meaning and import.

295. Olson admits that Enron's 2000 Annual Report contained Enron's 2000 financial statements, as audited and certified by Arthur Andersen. Olson also admits that the financial data presented in the chart is contained in the 2000 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

296. With the exception of the number alleged to be “Total current assets” for 2000, which appears to be a typographical error, Olson admits that the financial data set forth in this paragraph is contained in the 2000 Annual Report and financial statements, although there it was presented in somewhat different form and with additional detail and qualifications.

297. Olson admits that the financial data is contained in the 2000 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

298. Olson admits that the paragraph quotes a portion of note 16 to Enron’s 2000 financial statement.

299. Olson admits that (a) on January 21, 2001, Enron issued an earnings release for 4<sup>th</sup>Q 2000 and 2000, (b) Enron hosted an analyst conference in Houston on January 25, 2001, and (c) Enron stock traded as high as \$82-3/4 on February 5, 2001; Olson denies that she pocketed any illegal insider trading proceeds; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

300. Olson cannot determine precisely which statements plaintiffs contend were false and misleading, and, therefore, other than to deny that many of the statements contained in paragraphs 215 - 298 were false and misleading, Olson cannot respond further to this paragraph.

300(a). Olson denies, based on what was known to her at the time, and Olson also incorporates by reference her answers to paragraphs 418 - 611.

300(b) - 300(c). Olson denies, based on what was known to her at the time.

300(d). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any improprieties involving Enron’s accounting relating to SPEs and/or Chewco/JEDI.

300(e). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any manipulation or falsification that boosted the reported profitability of WEOS.

300(f). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

300(g). Olson does not have knowledge or information sufficient to admit or deny these allegations, except (a) she admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and (b) she denies that at the time she knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

300(h). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome; that the prospects for success of EBS were “grossly overstated”; or that EIN “was doomed to failure due to numerous intractable problems.”

300(i). Olson admits that Enron or EBS entered into “dark-fiber swaps,” but Olson denies that she knew that those transactions were “artificial contrivances,” conducted to improperly inflate the revenues of EBS, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

300(j). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron's accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

300(k). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron lied about the number of its broadband customers.

300(l). Olson denies that "the prospects for future revenue and profits from Enron's EBS operation and the purported value of that operation to Enron and to its stock price [were] completely arbitrary," and Olson further denies that she knew what Enron is alleged to have known.

300(m). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron grossly overstated information relating to its broadband business, as alleged.

300(n). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron was abusing and misusing mark-to-market accounting with respect to its broadband intermediation, as alleged.

300(o). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron grossly misrepresented and overstated matters relating to its Blockbuster VOD joint venture or that the Blockbuster deal was a fraud, as alleged.

300(p). First sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron's hedging and management of financial risk. Second, third, and fourth sentences:

Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew what is alleged, including that she knew that Enron did not deserve its investment-grade credit rating.

300(q) - 300(s). Olson denies, based on what was known to her at the time.

301. Olson admits that on March 9, 2001, Enron announced that it had terminated its joint venture with Blockbuster, and that, in general, Enron's stock declined in the days after that announcement. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

302 - 304. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

305. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except Olson admits that Enron's stock traded as low as \$51-33/64 on March 22, 2001, and Olson denies (a) that she knew what Enron insiders are alleged to have known in the second sentence, (b) that Enron "flooded the markets with extremely positive and reassuring information," and (c) that she had knowledge of or participated in feverish, behind-the-scene efforts with Andersen, Vinson & Elkins, Kirkland & Ellis and certain of Enron's bankers to avoid any major Enron stock issuance and "exposure and unraveling of the scheme."

306 - 308. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

309. First sentence: Olson does not have knowledge or information sufficient to admit or deny. Second sentence: Olson denies.



310 - 312. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

313. Olson admits that Enron's stock traded as low as \$51-33/64 on March 22, 2001. Olson denies that (a) she was under excruciating pressure to support Enron's stock price at the end of the first quarter 2001; (b) she knew what the third sentence alleges Enron knew; or (c) she had knowledge of or participated in the feverish work alleged in the fourth and fifth sentences. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

314. In the absence of any information as to the source(s) of the statements attributed to Enron and its bankers, and because some of the terms are, in this context, too vague and/or subjective, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

315. Olson admits that the paragraph quotes one sentence from an Enron press release dated April 3, 2001, and Olson refers the Court to the entire release for its complete meaning and import.

316. Olson admits that the paragraph quotes excerpts from Enron's April 17, 2001 earnings release, and she refers the Court to the entire release for its complete meaning and import. Olson does not have knowledge or information sufficient to admit or deny that the 1stQ 2001 results were "better-than-expected."

317. First sentence: Olson admits. Second sentence: Olson does not have knowledge or information sufficient to admit or deny. Third sentence: Olson denies.

318 - 323. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

324. Olson admits that Enron's stock traded as high as \$64-3/4 on April 30, 2001, that it traded as high as \$57-13/16 on May 8, 2001, and that it traded as low as \$52 on May 17, 2001. Olson denies that Enron's stock traded as low as \$48-7/16 at any time on May 8, 9, or 10, and she denies that Enron flooded the market with very positive statements or extremely bullish statements, as alleged. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

325 - 327. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

328. Olson admits that the paragraph quotes excerpts from Enron's July 12, 2001 earnings release, and she refers the Court to the entire release for its complete meaning and import.

329. First sentence: Olson admits. Second sentence: Olson does not have knowledge or information sufficient to admit or deny. Third sentence: Olson denies.

330 - 335. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

336. First, second, and fourth sentences: The filing date, content and signatories of Enron's registration statement are a matter of public record at the SEC, and Olson denies the allegations only to the extent they are inconsistent with the public records. Third sentence: Based on what was known to her at the time, Olson denies.

337 - 338. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

339. Olson cannot determine precisely which statements plaintiffs contend were false and misleading, and, therefore, other than to deny that many of the statements contained in paragraphs 301 - 338 were false and misleading, Olson cannot respond further to this paragraph.

339(a). Olson denies, based on what was known to her at the time, and Olson also incorporates by reference her answers to paragraphs 418 - 611.

339(b) - 339(c). Olson denies, based on what was known to her at the time.

339(d). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

339(e). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any manipulation or falsification that boosted the reported profitability of WEOS.

339(f). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

339(g). Olson does not have knowledge or information sufficient to admit or deny these allegations, except (a) she admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and (b) she denies that at the time she knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

339(h). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that at the time she knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome; that the prospect for success of EBS were “grossly overstated”; or that EIN “was doomed to failure due to numerous intractable problems.”

339(i). Olson admits that Enron or EBS entered into “dark-fiber swaps,” but Olson denies that she knew that those transactions were “artificial contrivances,” conducted to improperly inflate the revenues of EBS, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

339(j). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron’s accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

339(k) Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron lied about the number of its broadband customers.

339(l). Olson denies that “the prospects for future revenue and profits from Enron’s EBS operation and the purported value of that operation to Enron and to its stock price [were] completely arbitrary,” and Olson further denies that she knew what Enron is alleged to have known.

339(m). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron grossly overstated information relating to its broadband business, as alleged.

339(n). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron was abusing and misusing mark-to-market accounting with respect to its broadband intermediation, as alleged.

339(o). Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew that Enron grossly misrepresented and overstated matters relating to its Blockbuster VOD joint venture or that the Blockbuster deal was a fraud, as alleged.

339(p). First sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron's hedging and management of financial risk. Second, third, and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations, except she denies that she knew what is alleged, including that she knew that Enron did not deserve its investment-grade credit rating.

339(q) - 339(s). Olson denies, based on what was known to her at the time.

340 - 341. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

342. Olson denies that (a) she "knew the end was at hand"; (b) she knew that Skilling's resignation had the potential to cause some scheme to unravel; or (c) Enron created a false story that Skilling was resigning for personal reasons. Olson admits that in general the price of Enron's stock declined during the period May 2001 through July 2001, and that its stock traded as low as \$42 on July 24, 2001, as low as \$42 on August 9, 2001, and as low as \$37-17/64 on August 29, 2001.

Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

343. First sentence: Olson admits. Second sentence: Olson admits that Lay sent to Enron employees an e-mail containing, among other material, the quoted sentence, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations in this sentence. Third sentence: Olson admits that on August 14, 2001 Enron conducted a conference call with analysts and investors, and that Lay and Skilling participated in the call, but Olson denies that Lay, Kean, Causey, Fastow and Skilling collectively stated what is attributed to them, and she does not have knowledge or information sufficient to admit or deny whether Lay or Skilling stated what is attributed to them.

344 - 349. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

350. Olson admits that Enron's stock traded at \$43-13/64 during the day of August 14, 2001, and that it traded at \$36-7/8 during the day of August 15, 2001. Otherwise, Olson does not have knowledge or information sufficient to admit or deny these allegations made in this paragraph.

351 - 358. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

359. Olson denies that the allegations contained in this paragraph are accurate from her perspective.

360. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except as follows: (a) Olson admits that Enron's stock price declined between the middle of August 2001 and the end of September 2001; (b) Olson denies that

what the second sentence alleges to have been apparent “inside Enron” was apparent to her; (c) Olson denies participating in or knowing about the fraudulent scheme referred to in the second and third sentences; and (d) Olson denies, from her perspective, any destruction of documents by or within Enron as part of any effort to destroy evidence.

361. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except she admits that in late September 2001 she understood that it was probable that Enron would take some writedowns in connection with its 3rdQ 2001 results, and she denies having the understanding that Enron was desperate to generate apparently healthy operating earnings.

362 - 363. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

364. First sentence: Olson admits. Second sentence: Olson denies. Third and fourth sentences: Olson admits that these sentences quote excerpts from Enron’s earnings release dated October 16, 2001, and Olson refers the Court to the entire release for its complete meaning and import.

365. Olson admits that Enron discussed its earnings release (including the write-off and the reduction of shareholder equity) with the investment community, but in the absence of information about specific statements and their source(s), Olson cannot otherwise admit or deny these allegations.

366. First sentence: Olson admits. Second sentence: Olson denies.

367 - 376. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

377. First sentence: Olson admits. Second sentence: Olson denies.

378 - 381. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

382. Olson admits that the paragraph quotes excerpts from an Enron press release dated October 25, 2001, and she refers the Court to the entire release for its complete meaning and import.

383. Olson admits that the paragraph quotes excerpts from an Enron press release dated November 1, 2001, and she refers the Court to the entire release for its complete meaning and import.

384. On the assumption that the paragraph refers to the 8-K Enron filed on November 8, 2002, Olson admits, except she denies that the figure contained in the box for "Shareholders Equity" for 2000 is consistent with the 8-K.

385. Olson denies that she participated in structuring any transactions involving the Chewco or LJM partnerships, and otherwise she does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

386. Olson denies that the allegations contained in this paragraph are accurate from her perspective, and she denies that she participated in concealing extensive fraud.

387. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except she denies that she worked hand-in-hand with JPMorgan and CitiGroup to desperately try to save Enron for the reasons alleged.

388. Olson admits that Enron conducted a conference call for analysts on November 14, 2001, but she denies that Lay, Whalley, McMahon, and Causey collectively made the alleged statements.



389. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except she denies that she participated in or had knowledge of an “Enron Ponzi scheme.”

390. First sentence: Olson cannot determine which statements plaintiffs contend were false and misleading, and, therefore, other than to deny that many of the statements contained in paragraphs 364-388 were false and misleading, Olson cannot respond further to this sentence. Second, third, and fourth sentences: Olson denies (a) that EPS forecasts were completely false with no basis whatsoever; (b) that she knew that Enron’s statements about the LJM partnerships and transactions with LJM were falsehoods; and (c) that she knew that the LJM partnerships were manipulative contrivances or that they permitted her to self-deal with Enron’s assets; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences, in part because they contain terms that, in context, are too vague and/or subjective.

391. Olson admits that (a) Dynegy refused to acquire Enron; (b) Enron’s publicly-traded debt was downgraded to below investment grade; (c) Enron declared bankruptcy on December 2, 2001; and (d) the market price for Enron’s stock and publicly traded debt securities declined significantly. Olson denies that she participated in or had knowledge of efforts to conceal Enron’s true financial condition from Dynegy or “wide-ranging falsification of [Enron’s] financial statements.” Olson does not have knowledge or information sufficient to admit or deny other allegations contained in this paragraph.

392. Olson admits that Congress has investigated the failure of Enron and that some individuals associated with Enron or Andersen have invoked their constitutional rights under the

Fifth Amendment, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

393. Olson denies that she participated in or had knowledge of the fraudulent scheme, manipulative devices and contrivances, or misrepresentations alleged in this paragraph.

394. First sentence: Olson denies as to herself. Second and third sentences: Olson denies that she participated in wrongful conduct or that she received illegal insider trading proceeds or illegal bonus payments.

395. First and second sentences: Olson denies that these allegations are accurate from her perspective. Third and fourth sentences: Olson denies that she reviewed and approved the transactions complained of by plaintiffs; further, she denies that she participated in, knew of, or acted in reckless disregard of, the falsification of Enron's financial reports or other false and misleading statements made about Enron's business operations.

396. Olson denies as to herself.

397. Olson denies as to herself.

398. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

399. Olson admits that during her tenure with Enron she had access to non-public information relating to the Company, but she denies that she had such access simply by virtue of her position with the Company and she denies that she had access to any and all *adverse* non-public information.

400. Olson denies as to herself, and does not have knowledge or information sufficient to admit or deny the allegations as to others.

401. First sentence: Olson denies. Second sentence and table: Olson admits that during the Class Period she sold at least the number of Enron shares alleged for at least the amount of gross proceeds alleged, but she does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

402. Except as to those matters admitted in paragraphs 83(q) and 401, Olson denies the allegations pertaining to her (including the percentage of Enron stock plus vested options sold during the Class Period), and she does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

403. Olson denies as to herself; she does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

404 - 405. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

406 - 409. These paragraphs do not contain any allegations of fact that require a response.

410. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph 410.

411 - 415. These paragraphs do not contain any allegations of fact that require a response.

416. With regard to the information concerning “insider sales” set forth in Ex. C to Exhibit Appendix, Olson admits that she sold the number of shares alleged on the dates alleged for the amount of gross proceeds alleged, and she does not have knowledge or information sufficient to admit or deny the accuracy of the information pertaining to others.

417. This paragraph does not require a response.

418. Olson denies that she caused Enron to violate GAAP and SEC rules in any of the alleged ways.

419. Olson admits that Enron restated its financial results for the years 1997, 1998, 1999, and 2000. Olson denies the accuracy of the charts purporting to depict the restatements as to recurring net income, debt, and shareholders equity to the extent they are inconsistent with the information contained in the 8-K Enron filed on November 8, 2001.

420. Olson admits that restatement of Enron's financial results for the years 1997, 1998, 1999, and 2000 affected its "debt-to-equity" ratio for those periods, but plaintiffs do not give any information concerning the source(s) of the percentage figures alleged in this paragraph, and therefore Olson cannot admit or deny the accuracy of those allegations. Olson also admits that the debt-to-equity ratio is one measure used by rating agencies to evaluate a corporation's credit rating. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

421. Olson admits that restatement of Enron's financial results for the years 1997, 1998, 1999, and 2000 affected the ratios of debt-to-equity and earnings-to-fixed charges for those periods, but plaintiffs do not give any information concerning the source(s) of the percentage figures alleged in this paragraph, and therefore Olson cannot admit or deny the accuracy of those allegations.

422. Olson denies having engaged in, or knowing about, many other egregious manipulations of Enron's financial statements that were not included in the restatement, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

423. Olson admits that the restatement contained no adjustments attributable to a different treatment for mark-to-market accounting or for forward sales contracts, but Olson denies knowing that any such adjustments were required. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

424. First and second sentences: Except as to the matters covered by the 8-K filed November 8, 2001, Olson denies, based on her perspective. Third sentence and table: Olson cannot confirm that all of the alleged data is consistent with what Enron reported in its SEC filings, and Olson denies the allegations only to the extent that they are, indeed, inconsistent with Enron's SEC filings that are a matter of public record.

425. First and second sentences: Olson admits that Enron included financial results in various earnings releases, SEC filings, and Registration Statements and Prospectuses, but Olson denies that those results were as alleged in paragraph 424 to the extent that those allegations are inconsistent with Enron's SEC filings that are a matter of public record. Third sentence: Olson admits.

426. Based on what was known to her, Olson denies the allegations made in this paragraph.

427 - 428. These paragraphs assert matters of legal and/or accounting opinion to which no response is required.

429. Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, except that Olson denies that she participated in or knew about a scheme to keep loans off Enron's financial statements and at the same time inappropriately record income from transactions with SPEs.

430 - 432. These paragraphs assert matters of accounting opinion to which no response is required.

433. Much of this paragraph – for example, the first and fourth sentences, the first part of the fifth sentence, and the footnote – assert matters of accounting opinion to which no response is required. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except she denies that she participated in, or knew about, efforts to improperly consolidate SPE's, as alleged, and she denies that the last sentence is accurate from her perspective.

434. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

435. Sentences one through four: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations. Fifth sentence: Olson denies.

436. Olson admits that in or around 1993 Joint Energy Development Investment (“JEDI”) was formed, with Enron or a subsidiary as the general partner, and that Enron did not consolidate JEDI into its financial statements. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

437 - 440. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

441. First sentence: Olson denies that the “problems” with the independent equity in Chewco were known to her or openly discussed around her. Second sentence: Olson does not have knowledge or information sufficient to admit or deny.

442. First and second sentences: Although these sentences assert matters of accounting opinion to which no response is required, Olson notes that when Enron restated its financial results in November 2001, it consolidated JEDI. Third sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations.

443 - 446. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

447. Olson admits that in Enron’s November 2001 restatement, it consolidated Chewco and JEDI beginning in November 1997, and that its restatement resulted in the recording of losses and debt in the amounts alleged.

448. First sentence: This sentence asserts matters of accounting and/or legal opinion to which no response is required. Third sentence: Olson admits that for a period of time, Fastow was the managing member of the general partners of LJM1 and LJM2. Olson does not have knowledge or information sufficient to admit or deny the other allegations made in this paragraph.

449. Olson denies that, from her perspective, the LJM partnerships were controlled by Enron or were part of Enron. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

450. Olson admits that in its November 2001 restatement, Enron reduced earnings by \$95 million and \$8 million for 1999 and 2000 respectively, and it reduced assets by \$222 million for

1999, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

451. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

452. Olson admits.

453. Olson refers to the publicly available records concerning the IPO price and historical stock prices thereafter of Rhythms, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

454. First, second, third, and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences. The fifth sentence states matters of accounting opinion to which no response is required.

455 - 459. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

460. First sentence: Olson admits that LJM2 was formed in 1999, and that for a time Fastow was the managing member of the general partner of LJM2. Otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

461. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

462. This paragraph asserts matters of accounting opinion to which no response is required; or, to the extent it alleges matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.



463. Olson denies that she participated in the restructuring of the Raptor vehicles in the first quarter of 2001, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

464. First sentence: Olson admits that in connection with the 3<sup>rd</sup> quarter 2001, Enron reported a reduction to shareholders' equity of approximately \$1.2 billion and that it reported an after-tax charge of \$544 million (\$710 million pre-tax) as one component of the total charges to net income. Second and third sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

465. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

466. Olson admits that Enron and the LJM partnerships engaged in transactions, but she denies knowing that they were "manipulative" and she does not have knowledge or information sufficient to admit or deny allegations concerning the number of such transactions between September 1999 and July 2001.

467. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

468. This paragraph asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it alleges matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

469 - 477. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

478. First and second sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations. Third and fourth sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

479 - 480. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

481. The second sentence asserts matters of accounting opinion to which no response is required. Olson does not have knowledge or information sufficient to admit or deny the allegations made in the other sentences in this paragraph.

482. First sentence: Olson admits. Second and third sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

483 - 484. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

485. Olson admits that there was a Raptor III and that the stock price of TNPC declined from its IPO price, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

486. Olson refers to publicly available records concerning the historical stock prices of TNPC, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

487. First sentence: Olson admits that New Power was a retail power company and that Enron owned a large stake in it before the IPO. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

488 - 490. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

491 - 493. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

494. First and second sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations. Third sentence: Olson admits that the sentence quotes an excerpt from Enron's November 8, 2001 8-K or paraphrases a statement in the 8-K, and Olson refers the Court to the entire 8-K filing for its complete meaning and import.

495. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

496. Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph and/or subparagraphs (a) and (b), except that Olson denies that she participated in efforts to conceal billions of dollars of debt, as alleged.

497. Olson admits that Osprey Trust was a limited partner in Whitewing Associates LP, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

498 - 500. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

501. This paragraph asserts matters of accounting opinion to which no response is required.

502 - 505. These paragraphs assert matters of accounting and/or legal opinion to which no response is required; or, to the extent they allege matters of fact, Olson does not have knowledge or information sufficient to admit or deny those allegations.

506. Olson denies that she participated in or knew about the scheme that is alleged, as well as efforts to cause Enron's financial statements to be materially false and misleading. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

507 - 509. These paragraphs assert matters of accounting and/or legal opinion to which no response is required.

510. First sentence: Olson denies. Second sentence: Olson admits that the Notes to the Consolidated Financial Statements in Enron's 10-Ks for 1997 and 1998 do not include a section on "Related Party Transactions." Third sentence: Olson admits that plaintiffs have quoted from Enron's 10-K for 2000, and Olson refers the Court to the entire 10-K for its complete meaning and import. Fourth and sixth sentences: These sentences assert matters of legal and/or accounting opinion to which no response is required. Fifth sentence: Olson denies that prior to November 2001 there was no disclosure that Fastow was the managing member of the general partners of LJM1 and LJM2, and she admits that prior to November 2001 there was no disclosure that Fastow had received more than \$30 million relating to her LJM management and investment activities.

511. First and second sentences: These sentences assert matters of legal opinion to which no response is required. Third and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations.

512. First sentence: Olson admits. Second sentence: Olson admits that LJM1 and LJM2 were discussed in the proxy statement Enron filed in March (not May) of 2000. Third sentence: Olson admits. Fourth sentence: Olson does not have knowledge or information sufficient to admit or deny.

513. First and second sentences: Olson admits. Third sentence: Olson admits that the footnote entitled “Related Party Transactions” did not identify Fastow as the “senior officer of Enron,” but Olson denies the allegation as to all subsequent financial statements footnotes. Fourth sentence: This sentence asserts, at least by implication, matters of legal and/or accounting opinion to which no response is required. Fifth sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations, because the allegations are too vague.

514. First sentence: Olson admits. Second sentence: Olson denies.

515. First and second sentences: Olson denies, based on what was known to her at the time. Third and fourth sentences: Olson admits that plaintiffs quote excerpts from Enron’s Form 10-Qs for 2<sup>nd</sup>Q 1999, 3<sup>rd</sup>Q 1999, and 1<sup>st</sup>Q 2000, and Olson refers the Court to the entire 10-Qs for their complete meaning and import.

516. Olson denies, based on what was known to her at the time.

517. First, second, and third sentences: Olson admits that Enron announced that the restatement included prior-year proposed audit adjustments and reclassifications where they had been determined to be immaterial in the year originally proposed, and that the proposed adjustment for 1997 was \$51 million. Fourth sentence: Olson admits that \$51 million represented 48% of net income (but only *after* a significant contract restructuring charge of \$463 million) and 10% of recurring net income. Fifth sentence: Olson does not have knowledge or information sufficient to admit or deny. Sixth sentence: This sentence asserts matters of accounting opinion to which no response is required.

518. First and sixth sentences: Olson denies. Fifth sentence: Olson does not have knowledge or information sufficient to admit or deny this sentence. Second, third, and fourth sentences: These sentences assert matters of accounting opinion to which no response is required.

519. Olson denies having engaged in, or knowing about, many other egregious manipulations of Enron's financial statements, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

520. First sentence: Olson admits that Enron entered the broadband business and that Enron laid fiber optic cable. Second sentence: Olson denies. Third and fourth sentences: Olson denies that she engaged in or knew about accounting manipulations with respect to broadband, including improper accounting for a deal with Blockbuster, improper use of mark-to-market accounting, or improper recognition of income from swaps of fiber optic capacity.

521. Olson admits that in July 2000 Enron announced a joint venture with Blockbuster, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

522 - 524. Olson does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

525. This paragraph asserts matters of accounting opinion to which no response is required; or, to the extent it alleges matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

526. First sentence: Olson admits (as alleged in paragraph 301) that on March 9, 2001 Enron announced that *it* had terminated its joint venture with Blockbuster. Second sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations.

527. Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, except that Olson admits that the second sentence sets forth a rough but workable definition of “dark fiber” and that Enron engaged in transactions involving dark fiber capacity.

528. Olson admits that Enron engaged in broadband trading and dark fiber transactions, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

529 - 532. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

533. Olson denies that she participated in or had knowledge of gross abuse of mark-to-market accounting by Enron on its energy trading contracts and broadband transactions.

534. First, second, third, and fifth sentences: These sentences assert matters of accounting opinion to which no response is required. Fourth sentence: Olson admits that Enron used mark-to-market accounting in some circumstances, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations. Sixth sentence: Olson denies that she had the knowledge alleged of the Enron Defendants, and she does not have knowledge or information sufficient to admit or deny the allegations as to other defendants.

535. Second sentence: Olson admits that the sentence sets forth a workable definition of demand-side management (“DSM”) contracts. First, third, fourth, fifth, and sixth sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they assert matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

536. First sentence: This asserts matters of accounting opinion to which no response is required; or, to the extent it asserts matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations. Second and third sentences: Olson denies participating in the conduct that is alleged or having the state of mind that is alleged of the Enron Defendants. Fourth, fifth, and sixth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

537 - 539. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

540. Olson admits that at one time Lay was on the Board of Eli Lilly and Company; Olson denies that she participated in abuse of mark-to-market accounting or Enron's accounting for a demand-side energy deal with Eli Lilly; and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

541. First sentence: Olson admits. Second and third sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations.

542 - 543. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

544. Olson admits that EES entered into long-term energy management contracts with J.C. Penney, IBM, and Owens Illinois, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

545 - 546. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they assert matters of fact, Olson does not have knowledge or information sufficient to admit or deny those allegations.



547 - 548. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

549. Olson denies participating in, or knowing about, the issuance of false and misleading financial statements that materially overstated the value of its Merchant Assets.

550. First sentence: Olson admits that within Wholesale Services there was a business line called Assets and Investments, which, in general, covered the activities alleged. Second sentence: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this sentence.

551. First sentence: Olson admits. Second sentence: Olson does not have knowledge or information sufficient to admit or deny these allegations.

552 - 553. These paragraphs assert matters of accounting opinion to which no response is required.

554. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

555. This paragraph asserts matters of accounting opinion to which no response is required.

556. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

557. Olson admits that EES entered into a transaction with Quaker Oats, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

558. Olson denies that she participated in deceptive transactions with certain banking defendants to disguise loans to Enron as hedging or derivative transactions.

559 - 561. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

562. This paragraph asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it alleges matters of fact, Olson does not have knowledge or information sufficient to admit or deny the allegations.

563 - 567. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

568. Olson denies that she participated in, or knew about, manipulation of debt-to-equity ratios and reducing amount of reported debt by mischaracterizing transactions with CitiGroup and CS First Boston.

569. Olson denies that she participated in or knew about any “disguised loan” between Enron and Connecticut Resources Recovery Authority and Connecticut Light & Power Company.

570 - 572. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

573. This paragraph asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it asserts matters of fact, Olson does not have knowledge or information sufficient to admit or deny those allegations.

574. This paragraph asserts matters of accounting opinion to which no response is required.

575. First sentence: Olson admits that sometimes Enron used non-recourse debt to finance plant building projects. Second through fourth sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations, in part because the allegations are too general

and overly vague. Fifth sentence: This sentence asserts matters of accounting opinion to which no response is required.

576 - 579. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they assert matters of fact, Olson does not have knowledge or information sufficient to admit or deny those allegations.

580. Olson denies that she participated in, or knew about, improper capitalization of costs associated with unsuccessful bids for projects or cloaking the true nature of the writedown, as alleged; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

581. Tenth sentence: Olson admits that in 1<sup>st</sup>Q 1999, Enron recorded an after-tax charge of \$131 million to reflect the initial adopt of two new accounting pronouncements, one of which was AICPA Statement of Position 98-5. Eleventh sentence: Olson denies, based on what was known to her at the time. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

582. Olson denies, based on what was known to her at the time.

583. Olson denies that she participated in, or knew about, falsification of Enron's financial statements by failing to record losses for the impairment of certain long-term assets and investments.

584 - 585. These paragraphs assert matters of accounting opinion to which no response is required.

586. First sentence: This sentence asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it asserts matters of fact, Olson does not have knowledge or

information sufficient to admit or deny. Second sentence: Olson denies, based on what was known to her at the time.

587. Olson denies having the knowledge alleged of the “Enron Defendants,” and she denies participating in, or knowing about, any failure to take required writedowns.

588. Olson admits that the paragraph quotes excerpts from Enron’s earnings release dated October 16, 2001, and Olson refers the Court to the entire release for its complete meaning and import.

589. Olson denies, based on what was known to her at the time.

590. First through third sentences: Olson admits. Fourth through eighth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences. Ninth sentence: Olson admits. Tenth sentence: Olson admits the Azurix’s stock price initially increased after the IPO, but later declined.

591. Olson admits that (a) Mark-Jusbache left the Company in 2000, (b) in 2000 Enron recorded an after-tax charge of \$326 million to reflect impairment by Azurix, (c) Enron announced plans to take Azurix private in late 2000, and (d) Enron took Azurix private for about \$330 million in March 2001; Olson denies that she knew Azurix was impaired from the time of acquisition, if not before; and Olson does not have knowledge or information sufficient to admit or deny the other allegations made in this paragraph.

592. First and second sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences, in part because some of the terms are overly vague and/or subjective. Third sentence: Olson denies participating in or knowing about a decision to overstate earnings by failing to take charges for the impairment, as alleged, and Olson admits that

in the 3rdQ 2001 Enron recognized a loss of \$287 million related to asset impairments by Atlantic Water Trust (the parent of Azurix).

593. First and sixth sentences: These sentences assert matters of accounting and/or legal opinion to which no response is required. Second through fifth sentences: Olson admits that Atlantic Water Trust was formed by Enron and institutional investors, investing through an entity named Marlin, for the purpose of acquiring and holding an interest in Azurix, and that Marlin was capitalized with approximately \$915 million in debt and \$125 million in equity; but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

594. First sentence: Olson denies, based on what was known to her at the time. Second sentence: Olson denies that she had any responsibility to make writedowns, as impliedly alleged, or that she participated in the alleged failure to make adequate and timely writedowns.

595. First, third, and fourth sentences: Olson does not have sufficient knowledge or information to admit or deny these allegations. Second sentence: Olson denies, based on what was known to her at the time. Fifth sentence: Olson admits that in the 3rdQ 2001, Enron recorded a charge related in part to impairment of its broadband business, and otherwise the sentence asserts matters of accounting opinion to which no response is required.

596. Olson admits that Enron was a partial owner of TGS, and that TGS owned a gas pipeline in Argentina, but otherwise Olson does not have knowledge or information to admit or deny the allegations made in this paragraph.

597. Olson denies that she participated in, or knew about, efforts to improperly keep the allegedly impaired New Power asset off of Enron's financial statements; she denies that Enron took a

writedown of \$544 million attributable to its investment in TNPC; and Olson does not have knowledge or information sufficient to admit or deny any remaining allegations made in this paragraph.

598. Olson admits that in the early 1990s Enron became involved in building a power plant in Dabhol, India, that the project encountered a series of problems or setbacks, and that as of the end of 2001 the project was not completed, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

599. Olson admits that as of September 30, 2001, Enron's investment in and advances to Dabhol and related activities exceeded \$1 billion, and Olson admits that Enron encountered regulatory/political problems in completing the project; otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

600. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

601. First sentence: Olson admits that in its Form 10-K for 2000 Enron reported a \$693 million investment in Dabhol, representing a net 50% voting interest in the project. Second sentence: Olson denies that she had any responsibility to make record an impairment charge, as impliedly alleged, or that she participated in the alleged failure to record an impairment charge.

602. First sentence: Olson does not have knowledge or information sufficient to admit or deny. Second sentence: Olson denies.

603. Olson denies that she participated in or had knowledge of aggressive accounting to improperly keep debt, losses, and expenses off Enron's books and contingent liabilities out of its financial reporting, as alleged. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

604. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

605. First sentence: Olson denies, based on what was known to her at the time. Second sentence: Olson admits. Third, fourth, fifth, and sixth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences.

606. Olson denies that she participated in, or had knowledge of, the alleged failure to make timely and adequate accruals for the impairment of Enron's investment in Elektro, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

607. Olson admits that Enron had an interest in PromiGas, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

608 - 609. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

610. Olson denies that she caused Enron to violate GAAP as alleged, and otherwise the paragraph asserts matters of accounting opinion to which no response is required.

611. Olson denies that she concealed adverse information which she knew was expected to be and must be disclosed and which was expected by investors and securities analysts to be disclosed.

612. Olson admits that Enron's Offering Documents usually incorporated by reference specifically identified SEC filings or reports; the "10-K incorporation" for any particular offering is matter of public record with the SEC, and Olson denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records.

613. First sentence: Olson denies, based on what was known to her at the time, that the referenced Offering Documents were false and misleading. Second sentence: Olson denies, based on what was known to her at the time, and Olson also incorporates by reference her answers to paragraphs 418 - 611. Third, fourth, fifth, sixth, and eighth sentences: These sentences assert matters of legal and/or accounting opinion to which no response is required; or, to the extent they allege matters of fact, Olson denies, based on what was known to her at the time. Seventh sentence: Olson admits.

614. First sentence: Olson denies. Second sentence: Olson denies knowing that any of Enron's statements concerning the Dabhol plant were false and misleading, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this sentence.

615. First, second, and third sentences: Olson denies. Fourth sentence: Olson admits. Fifth sentence: This sentence asserts matters of legal and/or accounting opinion to which no response is required; or, to the extent it alleges matters of fact, Olson denies, based on what was known to her at the time.

616. Olson denies, based on what was known to her at the time.

617. Olson does not have knowledge or information sufficient to admit or deny these allegations relating to the "state of mind" of unspecified lawyers and banks.

618. First sentence: Olson denies, based on what was known to her at the time. Second and third sentences: After a reasonable search, Olson cannot find the allegedly incorporated disclosure(s), so Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

619. First, second, and third sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences, in part because Olson, after a



reasonable search, cannot find the allegedly incorporated disclosure(s). Fourth and fifth sentences: Olson does not have knowledge or information sufficient to admit or deny these allegations relating to the “state of mind” of unspecified lawyers and banks.

620. Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, in part because Olson, after a reasonable search, cannot find the allegedly incorporated disclosure(s).

621. Olson denies that she had the knowledge alleged in the last sentence of “those on the inside,” but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, in part because Olson, after a reasonable search, cannot find the allegedly incorporated disclosure(s).

622. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

623. Olson denies that it is obvious that the alleged misstatements misled market sophisticates, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

624. First, second, fourth sentences: Olson denies, based on what was known to her at the time. Third sentence: Olson admits that Enron stated, in general, what was alleged, but she does not have knowledge or information sufficient to admit or deny that the “defendants” stated it. Fifth and sixth sentences: Olson denies, based on what was known to her at the time, that Enron had materially compromised its Financial Risk Management through bogus hedging transactions, and she does not have knowledge or information sufficient to admit or deny the allegations concerning what the banks and Vinson & Elkins knew.

625. Olson admits that the paragraph quotes excerpts from Enron's 2000 10-K (and Olson refers the Court to the entire 10-K for its complete meaning and import), and Olson admits that the Offering Documents for zero coupon convertible senior notes (filed July 13, 2001) incorporated Enron's 2000 10-K.

626. First, second, and fifth sentences: Olson denies, based on what was known to her at the time. Third, fourth, and sixth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

627. Olson admits Enron's 2000 10-K contains information pertaining to "Non-Trading Market Risk," including \$7 million value at risk for the component "equity" for the year 2000. Olson denies, based on what was known to her at the time, that any statements of "Non-Trading Market Risk" were materially understated or materially false and misleading. Otherwise, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

628. First, second, and third sentences: Olson denies, based on what was known to her at the time. Fourth, fifth, and sixth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

629. Olson is not aware of Offering Documents filed July 18, 2001, but Olson admits that the Offering Documents for zero coupon convertible senior notes filed July 13, 2001 incorporated Enron's 2000 10-K, which, in turn, contained the excerpts quoted in the paragraph (and Olson refers the Court to the entire 10-K for its complete meaning and import), and Olson admits that the 2000 10-K reflected credit reserves of \$452 million.

630. First sentence: Olson denies, based on what was known to her at the time. Second, third, fourth, fifth, and sixth sentences: Olson denies that she anticipated a material impact to Enron's

financial position due to its credit exposure and that she engaged and participated in constructing a “house of cards” so that she could protect hundreds of millions of dollars, and otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences.

631. First sentence: Olson denies, based on what was known to her at the time. Second sentence: Olson admits that the sentence quotes excerpts (not altogether accurately) from Enron’s 1999 10-K, and Olson refers the Court to the entire 10-K for its complete meaning and import.

632. First sentence: Olson denies, based on what was known to her at the time. Second and third sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences.

633. First sentence: Olson denies, based on what was known to her at the time. Second, third, and fourth sentences: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences, in part because some of the terms are too vague and/or subjective.

634. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

635. First sentence: Olson does not have knowledge or information sufficient to admit or deny. Second sentence: Olson denies, based on what was known to her at the time.

636. Olson admits that the paragraph quotes excerpts from the Form 10-K Enron filed for 2000, and Olson refers the Court to the entire 10-K for its complete meaning and import.

637. First sentence: Olson denies, based on what was known to her at the time. Second sentence: Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this sentence.

638 - 639. Olson does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraphs.

640. First sentence: Although Enron's Offering Documents typically incorporated by reference one or more 10-K's or 10-Q's, which, in turn, often contained statements about EES, Olson cannot admit or deny this sentence due to its non-specificity. Second and third sentences: Olson essentially admits (although she would not characterize the improvement as "dramatic" and there is a minor error in the quotation from the 10-Q). Fourth sentence: Olson denies, based on what she knew at the time, that the numbers were materially false and misleading, and the remainder of the sentence asserts matters of legal and/or accounting opinion to which no response is required.

641. First sentence: Olson admits the allegations concerning what Enron reported in its 2000 10-K concerning income for EES in 2000 and 1999, as well as increases in revenues and gross margin, but Olson denies that the sentence accurately represents what Enron presented as the primary reasons for the increases in revenues and gross margins. Second sentence: Olson admits. Third sentence: Olson denies, based on what she knew at the time, that the numbers were materially false and misleading, and the remainder of the sentence asserts matters of legal and/or accounting opinion to which no response is required (and, in addition, Olson incorporates by reference her answers to paragraphs 418 - 611).

642 - 799. These paragraphs are directed to the banks J.P. Morgan Chase & Co., CitiGroup, Inc., Credit Suisse First Boston, Canadian Imperial Bank of Commerce, Bank of America Corp., Merrill

Lynch & Co., Barclays PLC, Deutsche Bank AG, and Lehman Brothers Holding, Inc. Accordingly, they do not require a response from Olson. In general, Olson does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

800 - 896. These paragraphs are directed to the law firms Vinson & Elkins and Kirkland & Ellis. Accordingly, they do not require a response from Olson. In general, Olson knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, but otherwise Olson does not have knowledge or information sufficient to admit or deny to allegations contained in these paragraphs.

897 - 982. These paragraphs are directed to Arthur Andersen. Accordingly, they do not require a response from Olson. In general, Olson knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but otherwise Olson does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

983. Olson admits that Enron's securities were listed and actively traded on the NYSE and the Over-the-Counter markets; that Enron filed periodic public reports with the SEC; that Enron communicated with public investors via press releases and analyst conferences and conference calls; and that Enron was followed by several securities analysts who wrote reports; but Olson does not have knowledge or information sufficient to admit or deny any other allegations.

984. First sentence: Olson does not have knowledge or information sufficient to admit or deny. Second sentence: This sentence asserts matters of legal opinion to which no response is required.

985. Olson denies that she is liable for each forward-looking statement pleaded.

986 - 991. To the extent an answer is required, Olson denies that this purported class action may properly be brought on behalf of the alleged class.

992. Olson incorporates by reference her answers to ¶¶ 1 - 991.

993. This paragraph does not require a response.

994 - 997. Olson denies.

998. Olson incorporates by reference her answers to ¶¶ 1 - 997.

999. This paragraph does not require a response.

1000. First sentence: This sentence does not require a response. Second sentence: Olson does not presently have knowledge or information sufficient to admit or deny.

1001. Olson denies.

1002. Olson denies.

1003. Olson denies.

1004. Olson denies.

1005 - 1030. These paragraphs assert claims against defendants other than Olson. Accordingly, they do not require a response from Olson.

### **AFFIRMATIVE DEFENSES**

#### **First Defense: Failure to State a Claim**

1. The Complaint fails to state facts sufficient to constitute a valid cause of action against Olson. Among other things, the Complaint fails to plead fraud with particularity as required by Rule 9(b) of the Federal Rules of Civil Procedure and the PSLRA. The Complaint further fails to plead facts sufficient to allege that Olson was a control person for purposes of Section 20(a) of the Securities Exchange Act of 1934, as required by the PSLRA and the Federal Rules of Civil Procedure.

**Second Defense: Statute of Limitations**

2. Plaintiffs' claims against Olson are barred, in whole or in part, by the applicable statutes of limitations.

**Third Defense: Waiver**

3. Plaintiffs, by acts, omissions and/or conduct, have waived, in whole or in part, their right to obtain the relief sought in the Complaint.

**Fourth Defense: Estoppel**

4. Plaintiffs, by acts, omissions and/or conduct, are estopped, in whole or in part, from obtaining the relief sought in the Complaint.

**Fifth Defense: Failure to Mitigate**

5. Plaintiffs have failed to fulfill their duty to mitigate, reduce, or otherwise avoid the alleged damages and are, therefore, barred from recovery.

**Sixth Defense: Lack of Standing**

6. Plaintiffs lack standing to bring the causes of action asserted in the Complaint.

**Seventh Defense: Injury Causation**

7. Plaintiffs' claims against Olson are barred because Olson did not directly or proximately cause or contribute to any damage, loss or injury sustained by plaintiffs.

**Eighth Defense: Transaction Causation**

8. Plaintiffs' claims against Olson are barred because Olson's actions or inactions were not the sole or partial cause of any decision by any plaintiffs to purchase or sell Enron securities.

**Ninth Defense: Proportionate Responsibility**

9. Any damage, loss or liability allegedly sustained by plaintiffs must be diminished, and/or eliminated in proportion to the wrongful or negligent conduct of entities or individuals other than Olson under the principles of equitable allocation, recoupment, set-off, proportionate responsibility, and comparative fault, including under the proportionate liability provisions of the Securities Exchange Act of 1934 and Chapter 33 of the Texas Civil Practice and Remedies Code.

**Tenth Defense: Intervening and Superseding Cause**

10. Plaintiffs' damages, if any, resulted from the acts or omissions of third parties or other defendants over whom Olson had no control. The acts of such third parties or defendants constitute intervening or superseding causes of the harm, if any, suffered by plaintiffs.

**Eleventh Defense: Failure to Join Indispensable Parties**

11. The plaintiffs have failed to join necessary and indispensable parties.

**Twelfth Defense: Assumption of Risk**

12. Plaintiffs' claims against Olson are barred, in whole or in part, because they assumed the risks disclosed in Enron's public disclosures and those risks caused plaintiffs' losses, if any.

**Thirteenth Defense: Actual or Constructive Knowledge**

13. Plaintiffs' claims against Olson are barred because, at the time plaintiffs acquired shares of Enron stock, they had actual or constructive knowledge of the alleged omissions or misstatements.

**Fourteenth Defense: Reasonable Care and Diligence**

14. Plaintiffs claims against Olson are barred because Olson at all times acted with reasonable care and diligence with respect to the matters plaintiffs now contend were misrepresented by, or omitted from, Enron's public filings and public statements.



#### **Fifteenth Defense: Reliance on Professionals**

15. In his work for Enron, Olson was entitled to and did reasonably rely on the work, conclusions and advice provided by agents of Arthur Andersen, Vinson & Elkins, and other professionals. As a result of that reasonable reliance, Olson did not know, in the exercise of reasonable diligence could not have known, and had no reasonable grounds to believe that Enron's public filings contained material misrepresentations or omissions.

#### **Sixteenth Defense: No Material Misrepresentations or Omissions**

16. Plaintiffs' claims against Olson are barred, in whole or in part, because the relevant registration statements did not contain any misrepresentations or omissions or because the misrepresentations or omissions relied upon by plaintiffs were not material.

#### **Seventeenth Defense: Truth in the Market**

17. When plaintiffs purchased their Enron securities, the total mix of information in the market disclosed the truth about Enron such that the price of the securities plaintiffs purchased reflected the effect of the transactions and events plaintiffs contend were concealed or misrepresented.

#### **Eighteenth Defense: Tracing**

18. Plaintiffs' claims against Olson are barred, in whole or in part, because plaintiffs cannot prove that they purchased securities traceable to a registration statement.

#### **Nineteenth Defense: Offset for Tax Benefit**

19. Any recovery for damages allegedly incurred by plaintiffs is subject to offset in the amount of any tax benefit actually received by plaintiffs through their investments.

**Twentieth Defense: Contemporaneous Trades**

20. Olson is not liable under Section 20A of the 1934 Securities Act because plaintiffs have failed to plead and cannot prove contemporaneous trading by Olson and plaintiffs.

**Twenty-First Defense: SLUSA**

21. Plaintiffs' state law claims against Olson are barred under the Securities Litigation Uniform Standards Act.

**Twenty-Second Defense: PSLRA Safe Harbor**

22. Olson is not liable for alleged untrue statements of material fact, omissions of material fact, misleading statements, or other challenged statements that fall within the Safe Harbor provisions of the PSLRA.

**Twenty-Third Defense**

23. Olson hereby adopts and incorporates by reference any and all other defenses asserted by any of the other defendants to the extent that Olson may share in such a defense.

**Reservation of Right to Amend**

24. The lack of particularity in the Complaint makes it impossible for Olson to determine at this time which additional defenses she may have. Olson reserves the right to assert all applicable defenses once the precise nature of the relevant circumstances or events is revealed through discovery.

Respectfully submitted,

  
\_\_\_\_\_  
Jacks C. Nickens

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**CERTIFICATE OF SERVICE**

I certify that a true and correct copy of the pleading was served on all counsel of record on the Service List on April 8, 2003 via posting to [www.esl3624.com](http://www.esl3624.com) in compliance with the Court's Order Regarding Service of Papers and Notice of Hearings Via Independent Website.

  
\_\_\_\_\_  
Paul D. Flack